

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
2005-06 GOVERNOR'S BUDGET
MAY REVISION HIGHLIGHTS**

The May Revision of the 2005-06 Governor's Budget updates the Department of Child Support Services (DCSS) State Operations and Local Assistance administrative costs, and Child Support Collection projections. Highlights of these changes follow.

**SFY 2005-06
FUNDING SUMMARY and COMPARISON**
(dollars in thousands)

ADMINISTRATIVE COSTS	MAY REVISE	GOVERNOR'S BUDGET	\$ DIFFERENCE	% CHANGE
TOTAL, CHILD SUPPORT PROGRAM COSTS	\$1,411,933	\$1,374,555	\$ 37,378	2.7 %
General Fund	513,702	508,155	5,547	1.1 %
Federal Funds	596,172	568,972	27,200	4.8 %
Child Support Recovery Fund	291,936	297,305	<\$5,369>	<1.8%>
Reimbursements / County Funds	10,123	123	10,000	8,130.1%
<u>STATE OPERATIONS</u>				
State Operations-DCSS Operations	\$ 51,479	\$ 39,119	\$ 12,360	31.6%
State Operations-Locate/Intercept Contracts	<u>\$ 82,517</u>	<u>\$ 89,330</u>	<u><\$6,813></u>	<u><7.6%></u>
TOTAL, STATE OPERATIONS	\$ 133,996	\$ 128,449	\$ 5,547	4.3%
General Fund	43,053	37,506	5,547	14.8%
Federal Funds	90,820	90,820	0	0%
Reimbursements	123	123	0	0%
AUTHORIZED POSITIONS	515.1	346.6	168.5	48.6%
<u>LOCAL ASSISTANCE</u>				
Basic Costs	\$870,086	\$840,086	\$30,000	3.6%
Other Premises	12,059	12,059	0	0.0%
Federal Penalty	218,000	218,000	0	0.0%
CCSAS Project	<u>177,792</u>	<u>175,961</u>	<u>1,831</u>	<u>1.0%</u>
TOTAL, LOCAL ASSISTANCE	\$1,277,937	\$1,246,106	\$ 31,831	2.6%
General Fund	470,649	470,649	0	0.0%
Federal Funds	505,352	478,152	27,200	5.7%
Child Support Recovery Fund	291,936	297,305	<5,369>	<1.8%>
Reimbursements /County Funds	10,000	0	10,000	100%
CHILD SUPPORT COLLECTIONS				
<u>TOTAL DISTRIBUTED COLLECTIONS</u>	\$2,462,383	\$2,421,060	\$41,323	1.7%
Assistance Collections	706,242	712,039	<5,797>	<-0.8%>
Non Assistance Collections	1,756,141	1,709,021	47,120	2.8%

STATE OPERATIONS

Current Year 2004-05

There is no change from the Governor's Budget.

Budget Year 2005-06

An increase of \$5.5 million State General Fund (SGF) and 168.5 positions to reflect the transfer of the Child Support Full Collection Program from the Franchise Tax Board to DCSS consistent with Chapter 806, Statutes of 2004 (AB 2358 Steinberg). The federal fund match continues to be reflected in the DCSS' budget.

LOCAL ASSISTANCE

Current Year 2004-05

The May Revision reflects a net increase of \$20.6 million (-\$7.6 million SGF) over the Governor's Budget.

- An increase of \$30.0 million (\$20 million federal funds, and \$10 million county funds) to the Local Child Support Agency Basic Administrative Costs. This is to fund rising county costs of doing business. There is no increase to SGF.
- A decrease of \$7.6 million SGF in the EDP Conversion and Enhancements costs to reflect savings from the ARS modification.
- A decrease of \$1.8 million federal funds to the CCSAS Child Support Enforcement FTB component to reflect a deferral of the BP payment for the delay of San Bernardino LCSA conversion and the deferral of payments for the purchase of software licenses from SFY 2004-05 to SFY 2005-06.

Budget Year 2005-06

The May Revision reflects a net non-SGF increase of \$31.8 million over the Governor's Budget.

- An increase of \$30.0 million (\$20 million federal funds, and \$10 million county funds) to the Local Child Support Agency Basic Administrative Costs. This is to fund rising county costs of doing business. There is no increase to SGF.
- An increase of \$1.8 million federal funds to the CCSAS Child Support Enforcement FTB component to reflect a deferral of the BP payment for the delay of San Bernardino LCSA conversion and the deferral of payments for the purchase of software licenses from SFY 2004-05 to SFY 2005-06.

CHILD SUPPORT COLLECTIONS AND REVENUE

Current Year 2004-05

The May Revision reflects a net decrease of \$11.7 million (\$3.9 million SGF, and \$5.6 million payments to families) over the Governor's Budget in child support collections. The following are the significant changes:

- A net decrease of \$6.3 million (\$3.9 million SGF) to Child Support Assistance Collections, which includes a \$1.7 million increase as a result of making a technical correction to the formula calculating the federal (\$1.6 million) and county (\$0.1 million) share of the Compromise of Arrears Program collections.
- A net decrease of \$5.6 million in Child Support Non-Assistance Collections, which includes a \$3.7 million decrease in the projected Basic Collections, and a \$1.9 million decrease in Collections for Other States.

Budget Year 2005-06

The May Revision reflects a net increase of \$41.3 million (\$0.7 million SGF, and \$47.1 million payments to families) over the Governor's Budget in child support collections. The following are the significant changes:

- A net decrease of \$5.8 million (\$0.7 million SGF) to Child Support Assistance Collections, which includes \$7.4 million decrease due to the technical correction to the formula calculating the federal (-\$6.6 million) and county (-\$0.8 million) share of the Compromise of Arrears Program collections. It also includes a decrease in FTB NonTax collections of \$1.5 million (\$0.7 million SGF) due to FTB discontinuing the activities on sending demands for payments notices and wage withholdings effective July 2005, rather than September 2005.
- A net increase of \$47.1 million in Child Support Non-Assistance Collections, which includes a \$48.0 million increase in the projected Basic Collections as a result of updated trend analysis to the most recent 30 months of collection data. It also includes a decrease of \$3.6 million for FTB Non Tax collections and an increase of \$2.7 for the projection of Miscellaneous Collections.

The SFY 2005-06 projected child support collections represents an increase of approximately \$93.9 million or 4 percent over SFY 2004-05 projected collections.

NON IV-D CHILD SUPPORT COLLECTIONS

Presented for the first time is the SFY 2005-06 estimate of \$346 million for the Non IV-D Child Support Collections. The non IV-D child support collections are cases with court ordered wage assignments, which are currently paid directly to the family but are not served by the local child support agencies. These cases will be processed through the State Disbursement Unit once implemented.